

**City Court of Monroe
Monroe, Louisiana**

**Basic Financial Statements
With Independent Auditors' Report
As of and for the Year Ended
April 30, 2011
With Supplemental Information**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 11 2012

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

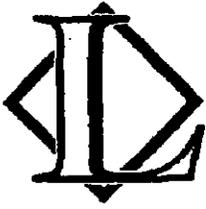
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**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

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LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

Independent Auditors' Report

City Court of Monroe
Monroe, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Monroe, a component unit of the City of Monroe, as of and for the year ended April 30, 2011, which collectively comprise the City Court of Monroe's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City Court of Monroe's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Monroe as of April 30, 2011, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 27, 2011, on our consideration of the City Court of Monroe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 and the budgetary comparison information on page 20 (Schedule 1) are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the basic financial statements that collectively comprise the City Court of Monroe's basic financial statements. The combining schedule of changes in unsettled deposits is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City Court of Monroe. The combining schedule of changes in unsettled deposits has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole

Little & Associates LLC

Monroe, Louisiana
October 27, 2011

Management's Discussion and Analysis

**CITY COURT OF MONROE
MONROE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

Our discussion and analysis of the City Court of Monroe's (the "City Court") financial performance provides an overview of the City Court's financial activities as of and for the fiscal year ended April 30, 2011. Please read it in conjunction with the City Court's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The City Court's net assets increased by \$100,487 or 6%.

The City Court's total program revenues were \$374,713 in 2011 compared to \$402,161 in 2010.

During the year ended April 30, 2011, the City Court had total expenses, excluding depreciation of \$1,589,285, of which \$1,339,252 was funded by the City Court of Monroe.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 and 9) provide information about the activities of the City Court as a whole. Fund financial statements start on page 8. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City Court's operations in more detail than the government-wide statements by providing information about the City Court's most significant funds. The remaining statements provide financial information about activities for which the City Court acts solely as a trustee or agent for the benefit of those outside of the City Court. The City Court judges are independently elected officials. However, the City Court is fiscally dependent on the City of Monroe for office space, courtrooms, and related utility costs, as well as substantially all funding of salary and related employee benefit costs. Because the City Court is fiscally dependent on the City of Monroe, the City Court was determined to be a component unit of the City of Monroe. The accompanying financial statements present information only on the funds maintained by the City Court.

Reporting the Funds Maintained by the City Court as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the funds maintained by the Court as a whole begins on page 5. One of the most important questions asked about the City Court's finances is "is the City Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the City Court as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities

using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City Court's *net assets* and changes in them. You can think of the City Court's net assets – the difference between assets and liabilities – as one way to measure the City Court's financial health, or *financial position*. Over time, *increases* or *decreases* in the City Court's net assets are one indicator of whether its *financial health* is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the City Court as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the City Court are reported here which consists primarily of certain materials and supplies, travel, repairs and maintenance and other program services. These represent expenses not paid out of the City of Monroe budget for judicial expenses. Fines, fees for services, and interest income finance most of these activities.

Reporting the Most Significant Funds Maintained by the City Court

Our analysis of the major funds maintained by the City Court begins on page 6. The fund financial statements begin on page 8 and provide detailed information about the most significant funds maintained by the City Court. The City Court's governmental funds use the following accounting approaches:

Governmental funds – All of the City Court's expenses are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City Court's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain City Court expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation disclosed in the notes to the financial statements.

The City Court as Trustee

The City Court is the trustee, or fiduciary, for its civil division and traffic violation bureau funds. All of the City Court's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 10. We exclude these activities from the City Court's other financial statements because the City Court cannot use these assets to finance its operations. The City Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE

The City Court's total net assets changed from a year ago, increasing from \$1,588,368 to \$1,688,853. Our analysis below will focus on key elements of the total governmental funds for the years ended April 30, 2011 and 2010.

**Table 1
Net Assets**

	Governmental Activities		
	2011	2010	Difference
Current assets	\$ 1,602,204	\$ 1,477,844	\$ 124,360
Capital assets, net	102,493	119,399	(16,906)
Total assets	1,704,697	1,597,243	107,454
Current liabilities	15,842	8,875	6,967
	15,482	8,875	6,967
Net assets:			
Investment in capital assets, net of debt	102,493	119,399	(16,906)
Unrestricted	1,586,362	1,468,969	117,393
Total net assets	\$ 1,688,855	\$ 1,588,368	\$ 100,487

Net assets of the funds maintained by the City Court's governmental activities increased by \$100,487 or 6%. Unrestricted net assets, the part of net assets that can be used to finance City Court expenses without constraints or other legal requirements increased by \$117,393 from \$1,468,969 at April 30, 2010, to \$1,586,362 at April 30, 2011.

**Table 2
Change in Net Assets**

	Governmental Activities		
	2011	2010	Differences
Revenues:			
Program revenues:			
Charges for services, fines, fees, & forfeitures	\$ 374,713	\$ 402,161	\$ (27,448)
Interest and other income	6,144	10,158	(4,014)
Intergovernmental - City of Monroe	1,339,252	1,325,520	13,732
Total revenues	1,720,109	1,737,839	(17,730)

Expenses:			
Personal Services and Benefits	1,264,096	1,246,044	18,052
Operating Services	255,527	254,265	1,262
Materials and Supplies	31,311	29,313	1,998
Conferences, CLE, and Mileage	38,351	37,046	1,305
Depreciation	30,337	33,200	(2,861)
Total Expenses	<u>1,619,622</u>	<u>1,599,868</u>	<u>19,754</u>
 Increase in Net Assets	 <u>\$ 100,487</u>	 <u>\$ 137,971</u>	 <u>\$ (37,484)</u>

For the funds maintained by the City Court, total revenues for 2011 decreased by \$17,730 (1.02%) as compared to total revenues in 2010, which was due primarily to a \$27,448 decrease in charges for services, fines, fees, and forfeitures. For the funds maintained by the City Court, program revenues decreased by \$27,448 (6.83%) from program revenue in 2010 of \$402,161 to program revenue of \$374,713 in 2011. The total expenses of the City Court increased by \$19,756 (1.23%). The portion of the expenses paid by the City Court out of its own funds increased by \$8,885 (4%) from \$241,148 to \$250,033.

FUNDS MAINTAINED BY THE CITY COURT

For the funds maintained by the City Court, the governmental funds (as presented on page 8) reported a combined fund balance of \$1,586,362, which is an increase of \$117,393 from last year. Program revenues decreased by \$27,448 and the amount of funding provided by the City of Monroe increased by \$13,732, respectively, from the prior year. Expenditures paid out of the City Court's own funds increased by \$21,734 from \$241,730 in 2010 to \$263,464 in 2011.

Budgetary Highlights

For the funds maintained by the City Court, a formal budget in accordance with state law is adopted and amended as deemed to be necessary throughout the year. The budget does not include the amounts budgeted by the City of Monroe for the City Court. Total actual revenues were less than the final budgeted revenues by \$6,540. Unfavorable variances between actual and budgeted revenues occurred primarily in court costs and civil fees income. The total final budgeted expenditures were more than the total actual expenditures by \$34,228, with the most notable favorable variances having occurred in capital outlay and operating services. The final budgeted revenues were less than the original adopted budget by \$10,100, due to unexpected decrease in court costs fees. Total expenditures per the final budget were less than the total expenditures per the original budget by \$187,805. This decrease is due primarily to the Court not updating the Court's security system and court recording equipment as anticipated at the time of the adoption of the original budget.

CAPITAL ASSETS

At April 30, 2011, the City Court had invested \$398,791 in capital assets from those funds maintained by the City Court. Accumulated depreciation on capital assets totaled \$296,298 at April 30, 2011.

Table 3
Capital Assets
April 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Computer equipment	\$ 259,668	\$ 248,058
Equipment	80,481	78,660
Improvements	11,683	11,683
Furniture	<u>46,959</u>	<u>46,959</u>
Total Depreciable Property	398,791	385,360
Less Accumulated Depreciation	<u>(296,298)</u>	<u>(265,961)</u>
Net Capital Assets	<u>\$ 102,493</u>	<u>\$ 119,399</u>

This year's major capital asset additions included:

Computer and Office equipment	<u>\$ 13,431</u>
Total	<u>\$ 13,431</u>

More detailed information about the capital assets is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City Court's elected judges and appointed officials considered many factors when setting the fiscal year 2012 budget. The amount available for appropriation in governmental funds is expected to approximate \$420,500 in 2012, and budgeted expenditures are estimated to be \$420,500. The City Court does not expect to have any material changes in its operations for the fiscal year ending April 30, 2012.

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the City Court and to show the City Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monroe City Court, Administrative Judges' office at 600 Calypso Street, Monroe, Louisiana 71201.

Judge Tammy D. Lee
Judge Larry D. Jefferson
Judge Jeff Joyce

Basic Financial Statements

**CITY COURT OF MONROE
MONROE, LOUISIANA
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
APRIL 30, 2011**

	General Fund	Adjustments/ Reclassifications - Note I	Statement of Net Assets
ASSETS			
Cash	\$ 1,556,387	\$ -	\$ 1,556,387
Receivables	25	26,375	26,400
Due from fiduciary funds	22,774	(22,774)	-
Due from other governments	3,601	(3,601)	-
Prepaid expenses	19,417	-	19,417
Capital assets, net of accumulated depreciation	-	102,493	102,493
Total Assets	<u>\$ 1,602,204</u>	<u>102,493</u>	<u>1,704,697</u>
LIABILITIES			
Accounts payable	\$ 15,830	12	15,842
Due to fiduciary fund	12	(12)	-
Total Liabilities	<u>15,842</u>	<u>-</u>	<u>15,842</u>
FUND BALANCE/NET ASSETS			
Fund balance:			
Unreserved, reported in:			
General Fund	1,586,362	(1,586,362)	-
Total Fund Balance	<u>1,586,362</u>	<u>(1,586,362)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,602,204</u>		
NET ASSETS			
Invested in Capital Assets, Net of Related Debt		102,493	102,493
Unrestricted		1,586,362	1,586,362
Total Net Assets		<u>\$ 1,688,855</u>	<u>\$ 1,688,855</u>

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE
MONROE, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2011**

	General Fund	Adjustments/ Reclassifications - Note 1	Statement of Activities
EXPENDITURES/EXPENSES			
Judiciary - Current:			
Personal services & benefits	\$ 1,264,096	\$ -	\$ 1,264,096
Operating services	255,527	-	255,527
Materials and supplies	31,311	-	31,311
Conferences, CLE, and mileage	38,351	-	38,351
Depreciation	-	30,337	30,337
Capital Outlay	13,431	(13,431)	-
Total Expenditures/Expenses	<u>1,602,716</u>	<u>16,906</u>	<u>1,619,622</u>
PROGRAM REVENUES			
Fees, charges, and court costs:			
Court costs	196,026	-	196,026
Civil fees	38,610	-	38,610
Probation fees	81,291	-	81,291
Reinstatement fees	1,113	-	1,113
Bond forfeitures	16,020	-	16,020
Other charges for services	41,653	-	41,653
Program Revenues	<u>374,713</u>	<u>-</u>	<u>374,713</u>
Net Program Expense			<u>(1,244,909)</u>
GENERAL REVENUES			
Intergovernmental - City of Monroe	1,339,252	-	1,339,252
Interest income	3,647	-	3,647
Other income	2,497	-	2,497
Loss on disposition of capital assets	-	-	-
Total General Revenues	<u>1,345,396</u>	<u>-</u>	<u>1,345,396</u>
EXCESS OF REVENUES OVER EXPENDITURES	117,393	(117,393)	-
CHANGE IN NET ASSETS		100,487	100,487
FUND BALANCE/NET ASSETS:			
Beginning of the Year	<u>1,468,969</u>	<u>-</u>	<u>1,588,368</u>
End of Year	<u>\$ 1,586,362</u>	<u>\$ -</u>	<u>\$ 1,688,855</u>

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE
MONROE, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
APRIL 30, 2011**

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,258,943
Accounts receivable	<u>209</u>
Total Assets	<u>\$ 1,259,152</u>
LIABILITIES	
Liabilities:	
Accounts payable	\$ 123,238
Unsettled deposits held for others	<u>1,135,914</u>
Total Liabilities	<u>\$ 1,259,152</u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

INTRODUCTION

As provided for by Chapter 7 of Title 13 of the Louisiana Revised Statutes, the City Court of Monroe (the "Court") has jurisdiction in all civil matters in the City of Monroe (the "City") including all of Wards Three and Ten of Ouachita Parish. The criminal jurisdiction of the Court is limited to offenses committed within Wards Three and Ten of Ouachita Parish and violations of City ordinances that are not required to be tried by jury. The City judges are elected for six-year terms. The current term expires on December 31, 2014.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the City Court of Monroe have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis--for State and Local Governments* (the "Statement"), which was unanimously approved in June 1999 by the Governmental Accounting Standards Board.

B. REPORTING ENTITY

For reporting purposes, the City of Monroe, Louisiana (the "City") serves as the financial reporting entity for the City. The financial reporting entity consists of (a) the primary government (City), (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the City to impose its will on that organization and/or

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Court is fiscally dependent on the City of Monroe for office space, related utility costs, insurance and substantially all salaries and related employee benefit costs. Because the Court is fiscally dependent on the City, the Court was determined to be a component unit of the City of Monroe, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Court and do not present information on the City of Monroe, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Court uses funds to maintain its financial records during the year and to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Governmental Funds

Governmental funds account for all or most of the Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the City Court of Monroe. The following are the Court's governmental funds:

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

General Fund

The General Fund is the primary operating fund of the Court, and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Court's policies.

Fiduciary Funds

Fiduciary funds' reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Court are agency funds. The Court maintains three agency funds: the Judicial Advance Fund, the Special Cost Fund, and the Bond Escrow Fund. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. In addition, the agency funds are not available to support the Court's operations.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Court's operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

Revenues

Court costs, civil fees, probation fees, bond forfeitures, and reinstatement fees are recorded in the year in which they are earned.

Interest income on bank deposits is recorded when the interest has been earned and the amount can be determined.

Substantially all other revenues are recognized when received by the Court.

Based on the above criteria, court costs, civil fees, probation fees, bond forfeitures, reinstatement fees, and interest income have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Court as a whole. These statements include all the financial activities of the Court. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from the City Court of Monroe's users as a fee for services; program revenues reduce the cost of the function to be financed from the Court's general revenues.

General Revenues - General revenues included in the column labeled Statement of Activities (Schedule B) are derived from on-behalf payments from the City of Monroe, interest income, and from other sources not considered program revenues. General revenues finance the remaining balance of functions not covered by Program revenues.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Assets (Statement A) are as follows:

Statement B	
Capitalization of Capital Assets	\$ 13,431
Loss on Disposal of Capital Assets	-
Recording of Depreciation Expense	<u>(30,337)</u>
Net Effects of Changes	<u><u>\$(16,906)</u></u>
<hr/>	
Statement A	
Recording of Net Capital Assets	<u>\$102,493</u>
Net Effect of Changes	<u><u>\$102,493</u></u>

E. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Court maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets, and the related depreciation expense is recorded in the Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Computer Equipment and Software	3 – 10 years
Equipment	5 – 10 years
Furniture and Fixtures	5 – 10 years

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

F. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

G. RISK MANAGEMENT

The Court is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. The Court maintains professional liability coverage on the Clerk to manage its exposure to fraud, illegal acts and errors and omissions. The City of Monroe provides the remainder of insurance coverage. No claims were paid on any of the policies during the past three years that exceeded the policies' coverage amounts.

2. DEPOSITS AND CUSTODIAL CREDIT RISK

Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state, or the laws of the United States. The Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. At April 30, 2011, the Court had cash (book balances) of \$2,815,330, of which \$2,814,830 was in bank accounts and \$500 in petty cash. These amounts are stated at cost, which approximates market.

The Court's deposits (bank balances) totalled \$2,853,616 at April 30, 2011. Under state law, these deposits, or the resulting bank balances, must be collateralized by Federal deposit insurance or the pledge of securities. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Also, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Court that the fiscal agent bank has failed to pay deposited funds upon demand. At April 30, 2011, these deposits were collateralized in full.

Custodial credit risk is the risk that in the event of a bank failure, the Court's deposits may not be returned to it. The Court does not have a deposit policy for custodial credit risk. As of April 30, 2011, none of the Court's deposits were exposed to custodial credit risk.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

3. RECEIVABLES

The receivables, as reported in the Statement of Net Assets at April 30, 2011, are summarized as follows:

Class of Receivable	General Fund
Fees, Charges, and Commissions - Due from Fiduciary Funds	\$ 22,774
Due from City of Monroe	3,389
Due from other governmental entities	212
Other	25
Total	\$ 26,400

The Court utilizes the direct write-off method for recording uncollectible accounts receivable. The use of this method produces results that are not materially different from utilization of the allowance method of recording bad debts.

4. ACCOUNTS PAYABLE

Accounts payable of \$15,842, as reported in the Statement of Net Assets at April 30, 2011, was comprised of operating trade payables of \$15,830 and due to the Special Cost Fund of \$12.

5. DUE FROM/TO OTHER FUNDS

Individual balances due from/due to other funds as reported in the fund financial statements at April 30, 2011, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 22,774	\$ 12
Special Cost Clearing Fund	12	14,665
Judicial Fund	-	8,109
Totals	\$ 22,786	\$ 22,786

The balance due to the general fund resulted from fees, charges, and other court costs collected by the fiduciary (agency) funds on behalf of the general fund.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended April 30, 2011, are as follows:

<u>Governmental Activities</u>	<u>April 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2011</u>
Computer equipment & software	\$ 248,058	11,610	-	\$ 259,668
Equipment	78,660	1,821	-	80,481
Furniture	46,959	-	-	46,959
Improvements	11,683	-	-	11,683
Total	<u>385,360</u>	<u>13,431</u>	<u>-</u>	<u>398,791</u>
Less Accumulated depreciation:				
Computer equipment & software	160,836	26,198	-	187,034
Equipment	54,730	2,746	-	57,476
Furniture	45,722	225	-	45,947
Improvements	4,673	1,168	-	5,841
Total	<u>265,961</u>	<u>30,337</u>	<u>-</u>	<u>296,298</u>
Capital Assets, Net	<u>\$ 119,399</u>	<u>(16,906)</u>	<u>-</u>	<u>\$ 102,493</u>

**7. CHANGES IN AGENCY FUNDS –
UNSETTLED DEPOSITS HELD FOR OTHERS**

A summary of changes in agency fund deposits due others for the year ended April 30, 2011, is as follows:

Balance at April 30, 2010	\$ 1,070,700
Additions	2,213,261
Reductions	<u>(2,148,047)</u>
Balance at April 30, 2011	<u>\$ 1,135,914</u>

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2011**

8. LEASES

The Court leases equipment under lease agreements which are maintained and paid by the City of Monroe. The total lease expense under such arrangement with the City totaled \$9,617 for the year ended April 30, 2011.

9. ON-BEHALF PAYMENTS

The City of Monroe provides a substantial amount of fiscal support to the Court for its operations. The City of Monroe made on-behalf payments of \$1,339,252 for the Court for the year ended April 30, 2011, as follows:

Salaries (including sick pay and vacation pay)	\$ 970,043
Fringe benefits	259,369
Operating expenses	<u>109,840</u>
Total	<u>\$ 1,339,252</u>

The City of Monroe makes contributions to the Municipal Employees' Retirement System of Louisiana on behalf of the employees of the City Court of Monroe.

10. LITIGATION AND CLAIMS

At April 30, 2010, the City Court of Monroe is not involved in any litigation nor is the Court aware of any unasserted claims.

11. INDIGENT DEFENDER FUND – SPECIAL COST ASSESSMENTS

During the year, the Court was informed that it had not been assessing and remitting the proper amount of special court costs to the Public Defender for the Indigent Defender Fund during the period from August 2007 to February 2011. With respect to certain cases, the Court was assessing and remitting \$30 per case to the Public Defender when the Court should have been assessing and remitting \$35 per case to the Public Defender during this time period. The Court and the Public Defender are in the process of determining the amount of additional funds that are due to the Indigent Defender Fund.

Required Supplemental Information

**CITY COURT OF MONROE
MONROE, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Revenues & Expenditures</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Program revenues:				
Court costs and civil fees	\$ 253,000	\$ 242,000	\$ 234,636	\$ (7,364)
Agency fees	4,000	4,200	3,937	(263)
Probation fees	69,000	82,000	81,291	(709)
Reinstatement fees	1,000	1,000	1,113	113
Bond forfeitures	30,000	14,000	16,020	2,020
Other charges for services	35,000	38,000	37,716	(284)
General revenues:				
Interest income	3,000	3,700	3,647	(53)
Other income	-	-	-	-
Total revenues	<u>395,000</u>	<u>384,900</u>	<u>378,360</u>	<u>(6,540)</u>
EXPENDITURES				
Judiciary - Current:				
Personal services & benefits	88,680	34,680	34,684	4
Operating services	193,510	181,805	174,501	(7,304)
Materials and supplies	-	-	-	-
Conferences, CLA & mileage	50,500	38,400	38,351	(49)
Capital Outlay	150,310	40,310	13,431	(26,879)
Total expenditures	<u>483,000</u>	<u>295,195</u>	<u>260,967</u>	<u>(34,228)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(88,000)	89,705	117,393	27,688
FUND BALANCE AT BEGINNING OF YEAR	<u>1,468,969</u>	<u>1,468,969</u>	<u>1,468,969</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,380,969</u>	<u>\$ 1,558,674</u>	<u>\$ 1,586,362</u>	<u>\$ 27,688</u>

See accompanying notes to Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP) Basis and Actual.

NOTE 1 – BUDGETARY POLICIES

The proposed budget for the General Fund is prepared on the modified accrual basis of accounting. The budget is then legally adopted by the judges and amended during the year, as necessary. The budget is established and controlled by the judges at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The budget adopted by the Court does not include the Court's expenditures budgeted annually by the City of Monroe.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying schedule include the original adopted budget amount and the final amended budget.

Other Supplemental Information

**CITY COURT OF MONROE
MONROE, LOUISIANA
OTHER SUPPLEMENTAL INFORMATION
FIDUCIARY FUND TYPE – AGENCY FUNDS**

Judicial Fund

The Judicial Fund accounts for advance deposits on civil suits filed by litigants. The advances are refundable to the litigants after all costs have been paid.

Special Cost Clearing Fund

The Special Cost Clearing Fund accounts for the collection of fines and court costs and the payment of these collections to recipients in accordance with applicable laws.

Bond Escrow Agency Fund

The Bond Escrow Agency Fund accounts for appearance bonds posted by defendants subsequent to arrest and prior to court appearance. The bond posted is refundable to the defendants upon their appearance in court.

**CITY COURT OF MONROE
MONROE, LOUISIANA
FUDICIARY FUND TYPE - AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES
IN UNSETTLED DEPOSITS
FOR THE YEAR ENDED APRIL 30, 2011**

	JUDICIAL FUND	SPECIAL COST	BOND ESCROW FUND	TOTAL
Unsettled deposits held for others, April 30, 2010	\$ 766,381	\$ 57	\$ 304,262	\$ 1,070,700
Additions:				
Advance deposits	542,188			542,188
Fines and court costs		1,600,123		1,600,123
Appearance bonds			70,950	70,950
Total Additions	542,188	1,600,123	70,950	2,213,261
Total	1,308,569	1,600,180	375,212	3,283,961
Reductions:				
Transfers to General Fund:				
Special civil cost	38,610			38,610
Court costs – traffic and criminal		196,026		196,026
Probation fees		81,291		81,291
Transfers to City of Monroe:				
Clerk fees	190,588			190,588
Court costs:				
Equipment Fund		2,800		2,800
Fines and forfeitures		688,062		688,062
Jail		70,145		70,145
Appearance bond refunds			58,900	58,900
Appearance bond forfeited			11,400	11,400
Attorney's fees	930			930
Indigent Defender Board		237,884		237,884
Judges' Supplemental Compensation Fund	67,469			67,469
Louisiana Commission on Law Enforcement		19,046		19,046
Louisiana Rehabilitation Services:				
Head and Spinal Cord Injury		4,615		4,615
Louisiana State Treasurer		14,065		14,065
Marshal's fees	66,123	237,346		303,469
North Louisiana Criminalistic Laboratory		22,995		22,995
Secretary of State	2,850			2,850
Advance deposit refunds	38,672			38,672
Sheriff's fees	27,244			27,244
Other reductions	45,083	25,903		70,986
Total Reductions	477,569	1,600,178	70,300	2,148,047
Unsettled deposits held for others, April 30, 2009	\$ 831,000	\$ 2	\$ 304,912	\$ 1,135,914

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
*Government Auditing Standards***

City Court of Monroe
Monroe, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Monroe, a component unit of the City of Monroe, as of and for the year ended April 30, 2011, which collectively comprise the City Court of Monroe's basic financial statements and have issued our report thereon dated October 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City Court of Monroe is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City Court of Monroe's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Court of Monroe's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City Court of Monroe's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or

material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses, as items 2011-01 and 2011-02, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Court of Monroe's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2011-02.

The City Court of Monroe's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City Court of Monroe's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Judges of the City Court of Monroe, management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Letitia + Associates, LLC

Monroe, Louisiana
October 27, 2011

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Responses
As of and For the Year Ended April 30, 2011**

SECTION I - SUMMARY OF AUDIT RESULTS*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS**Finding 2011-01 – Inadequate Internal Controls Policies and Procedures**

Criteria: Adequate internal control policies and procedures contain a sufficient authorization process for purchases by management which would prevent management from incurring any unnecessary and unreasonable expenditures.

Condition: In accordance with the City Court of Monroe's internal controls over purchases of supplies and equipment, each Judge has sole authorization to purchase supplies and equipment for the Judge's Judicial Division. In addition, the internal controls require that checks written for the payment of purchases be signed by two Judges. On two occasions during the course of the year, a Judge authorized purchases of supplies and equipment for the Judge's Judicial Division. Upon the initial request for payment, the remaining two Judges disputed the purchases on the basis of the reasonableness and the necessity of the purchases and thus, would not authorize the payments for the purchases. Subsequent to year end, payment was made for the purchase of the equipment. However, approval of the payment for the purchase of the supplies is pending further consideration by the Judges.

Effect: Unreasonable and unnecessary expenditures could be incurred by the Judges with respect to purchases for each Judge's respective Judicial Division.

Cause: The Court's adopted internal control policies and procedures do not require an authorization for purchases by a Judge separate from the Judge's authorization.

Context: Appears to be applicable to two purchases made by the Court during the year.

Auditors' Recommendation: We recommend to the Court that one of the options detailed below be formally adopted and that the internal control policies and procedures be revised, accordingly. Under one option, the Judges would follow the same purchasing process for their respective Judicial Division that is

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Responses
As of and For the Year Ended April 30, 2011**

used for the Court as a whole. As such, prior to the placing of the order, the Clerk of Court would approve all purchase orders submitted by each Judge for their respective Judicial Division. In the event that the Clerk of Court should deny the purchase order, then the Judge placing the order can appeal to the other two Judges to review the Clerk's decision. If at least one of the other two Judges approves the purchase order, then the Clerk's denial is overruled, and the purchase order is approved. If neither one of the other two Judges approves the purchase order, then the purchase order is denied. Under a second option, prior to the placing of the order, a second Judge (in lieu of the Clerk of Court) would approve all purchase orders submitted by each Judge for the Judge's respective Judicial Division. If a second Judge approves the purchase order, then the process for making the purchase continues in accordance with the policies and procedures in place for the Court as a whole. If a second Judge does not approve the purchase order, then the purchase is denied. A third option would be a hybrid of the two options above whereby the Clerk would have the authority to approve or deny certain types and/or amounts of purchases requested by a Judge, and a second Judge would approve or deny those types and/or amounts of purchases which are not under the Clerk's authority.

Views of Responsible Officials and Planned Corrective Action: The Monroe City Court will revise its purchasing policy as it relates to the authority of a sole Judge to order supplies for his judicial division. This revision will include systemic checks and balances, and internal controls to prevent unreasonable and/or unnecessary expenditures by one sole judge. All purchases by a judge for his or her division, beyond that which is customary and/or in excess of a set dollar limit (to be determined) will require the authorization of another judge prior to ordering.

Finding 2011-02 – Improper Assessment and Remittance of Court Costs

Criteria: In accordance with Louisiana Revised Statute 15:168 (B)(1), the City Court of Monroe is required to assess a \$35 special court cost, in certain cases, and remit the fees to the indigent defender fund. Also, Article VII, Section 14(A) of the Louisiana Constitution of 1974 prohibits the City Court of Monroe from loaning or donating its property to any person, association, corporation, public or private.

Condition: In some cases, the City Court of Monroe improperly assessed and remitted the required amount of the special court costs to the public defender per Louisiana Revised Statute 15:168 (B)(1) from August 2007 to February 2011. The Court assessed and remitted a \$30 fee to the public defender instead of the \$35 fee required by Louisiana Revised Statute 15:168 (B)(1). Furthermore, Article VII, Section 14 (A) of the Louisiana Constitution of 1974 does not allow the Court to loan or donate any property to any person, association, corporation, public or private. The Court's failure to properly assess and collect the required amount of the special court costs could be considered a loan to the individuals who were required to pay these costs, which would be a violation of Article VII, Section 14 (A) of the Louisiana Constitution of 1974.

Effect: The City Court of Monroe potentially is liable to the public defender for the difference in the special costs assessed and collected per applicable case and the amount that should have been assessed and collected per applicable case during the period from August 2007 to February 2011.

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Responses
As of and For the Year Ended April 30, 2011**

Cause: The City Court of Monroe was unaware of the change in the Revised Statutes and was using an outdated court cost schedule.

Auditors' Recommendation: We recommend that the City Court of Monroe implement procedures to periodically monitor new state statutes, rulings, etc. to ensure that statutes, rulings, etc. that are applicable to the Court (particularly those that affect court costs) are adhered to on a timely basis. Furthermore, the Court should work with the public defender to determine how much the Court owes the public defender.

Views of Responsible Officials and Planned Corrective Action: The Monroe City Court has promptly corrected the issue of underpayments to the Fourth Judicial District Public Defender, and is presently in negotiations with same to resolve any outstanding payment issues. The Court has put safeguards in place to ensure that its payment schedules are up-to-date. Furthermore, the Court will systematically monitor new state statutes affecting the Court, particularly those impacting disbursements.

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Summary Schedule of Prior Audit Findings
As of and For the Year Ended April 30, 2011**

There were no findings or questioned costs for the year ended April 30, 2010.